



Volume XVIII

OCTOBER 28
1949

Number 49

As I see

THE FLUCTUATIONS IN RESIDENTIAL SELLING PRICES

THE table on the center spread of this report shows the average selling price of a six-room frame residence in each year from 1925 to the present for buildings of any given age. It is clearly apparent that in a normal market a building 40 years old will not sell for as much as one five years old. This we think is the fundamental fallacy of most indexes purporting to show the changes in the selling prices of real estate. Our studies of thousands of actual sales which went into these computations show that on the average selling prices show a consistent pattern when enough cases are averaged out by age of building. This pattern, however, is not the same in years in which a scarcity of housing exists and years in which a surplus exists.

The "As I See It" Bulletin of September 30, 1949, on scarcity premium and surplus discount, shows the variation in selling price due to market conditions. This bulletin pointed out that in 1946, the high point of the scarcity in most communities, buildings 30 years old on the average were selling at 41% above their value, while in 1949 properties 30 years old are selling at 4% above their value. In 1934 and 1935, however, which were years of surplus in housing accommodations, properties 30 years old averaged a selling price of 4% below their value.

The use of the table in this report is not at all complicated. I will grant that it is a formidable looking array of figures, but I think that the following illustration of its use will convince most readers of its simplicity. Suppose, for example, the change in selling price of a typical residential building was desired from 1935 to 1946. The building in question in 1935 was 7 years old. We therefore look in the year column under "7" and read down until we reach the figure opposite 1935. This is the way we find the price of a building that was 7 years old in 1935. The table would tell us that our typical building at that time was selling for \$5,783. In order to find the selling price in 1946 when the building was 18 years old we look in the year column under "18" and read down until we reach the figure opposite 1946, and we find that according to our table this typical building should have been sold on the average for \$11,735. By dividing \$11,735 by \$5,783 we find that the increase in price in this period, in spite of the depreciation, amounted to 103%. In other words, in this 11-year period the building more than doubled in value, in spite of the fact that it was 11 years older at the end of the period than it was at the beginning. A similar method can be used to find the value of any fairly typical residential building for any period from 1925 to 1949.

(cont. on page 424)

AVERAGE SELLING PRICE OF A SIX-ROOM FRAME

Copyright © ROY WENZLIC

	Original Cost	Age in years:										
		0	1	2	3	4	5	6	7	8	9	10
1925	\$ 9,484	\$ 9,484	\$ 9,342	\$ 9,199	\$ 9,057	\$ 8,820	\$ 8,583	\$ 8,441	\$ 8,175	\$ 7,967	\$ 7,777	\$ 7,540
1926	9,245	9,245	9,014	8,783	8,505	8,182	7,951	7,720	7,507	7,304	7,119	6,934
1927	8,835	8,835	8,614	8,393	8,128	7,819	7,598	7,377	7,156	6,980	6,803	6,626
1928	8,292	8,292	8,085	7,877	7,629	7,338	7,131	6,924	6,733	6,551	6,385	6,219
1929	8,208	8,208	8,003	7,798	7,551	7,264	7,059	6,854	6,649	6,484	6,320	6,156
1930	7,447	7,447	7,261	7,075	6,851	6,591	6,404	6,218	6,047	5,883	5,734	5,585
1931	6,577	6,248	6,156	6,064	5,972	5,880	5,788	5,683	5,577	5,472	5,367	5,262
1932	6,280	5,715	5,683	5,652	5,589	5,526	5,464	5,385	5,275	5,181	5,055	4,930
1933	6,391	5,816	5,784	5,752	5,688	5,624	5,560	5,480	5,368	5,273	5,145	5,017
1934	6,877	6,258	6,224	6,189	6,121	6,052	5,983	5,897	5,777	5,674	5,536	5,433
1935	6,968	6,341	6,271	6,202	6,132	6,062	5,992	5,871	5,783	5,679	5,574	5,435
1936	7,390	6,725	6,651	6,577	6,503	6,429	6,355	6,226	6,134	6,023	5,912	5,784
1937	8,041	7,317	7,205	7,092	6,980	6,867	6,754	6,626	6,497	6,368	6,240	6,111
1938	7,521	7,145	7,040	6,934	6,829	6,724	6,618	6,498	6,378	6,257	6,137	6,017
1939	7,644	7,262	7,155	7,048	6,941	6,834	6,727	6,604	6,482	6,360	6,238	6,115
1940	7,897	7,897	7,678	7,455	7,234	7,013	6,791	6,618	6,444	6,270	6,096	5,923
1941	8,824	8,824	8,577	8,330	8,083	7,836	7,589	7,395	7,200	7,006	6,812	6,618
1942	9,424	9,424	9,245	9,066	8,887	8,708	8,529	8,321	8,114	7,907	7,699	7,492
1943	9,353	9,353	9,306	9,214	9,199	9,002	8,885	8,680	8,474	8,268	8,062	7,857
1944	9,657	10,043	9,995	9,947	9,850	9,754	9,657	9,560	9,464	9,367	9,271	9,174
1945	10,545	11,705	11,652	11,600	11,547	11,494	11,389	11,230	11,125	10,967	10,861	10,756
1946	11,974	15,925	15,806	15,686	15,566	15,387	15,207	14,967	14,728	14,429	14,129	13,890
1947	14,894	17,232	17,157	17,082	17,007	16,857	16,782	16,632	16,482	16,333	16,183	16,033
1948	16,100	17,871	17,742	17,613	17,500	17,227	17,066	16,780	16,454	16,148	15,842	15,537
1949	16,400	17,548	17,466	17,384	17,220	16,992	16,882	16,672	16,462	16,252	16,042	15,832
Age in years:												
	23	24	25	26	27	28	29	30	31	32	33	34
1925	\$ 5,690	\$ 5,577	\$ 5,453	\$ 5,358	\$ 5,264	\$ 5,140	\$ 5,045	\$ 4,979	\$ 4,884	\$ 4,789	\$ 4,714	\$ 4,647
1926	5,270	5,177	5,085	4,992	4,900	4,807	4,715	4,623	4,530	4,438	4,391	4,345
1927	5,036	4,948	4,859	4,744	4,683	4,594	4,505	4,418	4,347	4,276	4,205	4,135
1928	4,726	4,644	4,561	4,478	4,395	4,312	4,229	4,146	4,080	4,013	3,947	3,881
1929	4,679	4,596	4,514	4,432	4,350	4,268	4,186	4,104	4,038	3,973	3,907	3,841
1930	4,245	4,170	4,096	4,021	3,947	3,872	3,798	3,724	3,664	3,604	3,545	3,485
1931	4,045	3,946	3,848	3,762	3,716	3,671	3,552	3,486	3,453	3,387	3,354	3,289
1932	3,799	3,721	3,674	3,580	3,533	3,454	3,391	3,328	3,278	3,228	3,178	3,127
1933	3,687	3,787	3,707	3,643	3,595	3,515	3,451	3,387	3,336	3,285	3,234	3,183
1934	4,161	4,075	4,006	3,920	3,868	3,782	3,714	3,645	3,590	3,535	3,480	3,425
1935	4,320	4,250	4,181	4,111	4,041	3,972	3,902	3,832	3,763	3,693	3,623	3,554
1936	4,582	4,508	4,434	4,360	4,286	4,212	4,138	4,065	3,991	3,917	3,843	3,769
1937	4,503	4,402	4,302	4,222	4,141	4,041	3,960	3,880	3,795	3,731	3,667	3,602
1938	4,648	4,543	4,437	4,347	4,257	4,167	4,076	3,986	3,928	3,866	3,806	3,745
1939	4,724	4,617	4,510	4,418	4,327	4,235	4,143	4,051	3,990	3,929	3,868	3,807
1940	4,517	4,430	4,343	4,264	4,185	4,106	4,027	3,949	3,865	3,822	3,759	3,696
1941	5,047	4,950	4,853	4,765	4,677	4,588	4,500	4,412	4,341	4,271	4,200	4,130
1942	5,692	5,578	5,466	5,362	5,259	5,155	5,051	4,948	4,863	4,778	4,693	4,608
1943	5,874	5,743	5,612	5,509	5,406	5,303	5,200	5,097	5,013	4,929	4,845	4,761
1944	7,388	7,243	7,098	6,953	6,856	6,712	6,567	6,470	6,325	6,229	6,084	5,987
1945	8,805	8,647	8,489	8,331	8,225	8,120	8,067	7,903	7,798	7,592	7,434	7,276
1946	10,657	10,417	10,178	9,998	9,819	9,639	9,459	9,280	9,100	8,980	8,801	8,681
1947	12,736	12,437	12,287	11,987	11,837	11,613	11,388	11,238	11,088	10,938	10,788	10,639
1948	12,365	12,139	11,914	11,737	11,560	11,383	11,206	11,029	10,835	10,642	10,449	10,256
1949	10,791	10,562	10,332	10,168	10,004	9,840	9,676	9,512	9,348	9,184	9,020	8,856
Age in years:												
	47	48	49	50	51	52	53	54	55	56	57	58
1925	\$ 3,860	\$ 3,803	\$ 3,765	\$ 3,746	\$ 3,718	\$ 3,689	\$ 3,661	\$ 3,632	\$ 3,604	\$ 3,566	\$ 3,528	\$ 3,490
1926	3,624	3,587	3,550	3,513	3,485	3,458	3,430	3,402	3,374	3,347	3,319	3,291
1927	3,463	3,428	3,393	3,357	3,330	3,304	3,278	3,251	3,225	3,198	3,172	3,145
1928	3,250	3,217	3,184	3,151	3,126	3,101	3,076	3,051	3,027	3,002	2,977	2,952
1929	3,218	3,185	3,152	3,119	3,094	3,070	3,045	3,021	2,996	2,971	2,947	2,922
1930	2,919	2,889	2,860	2,830	2,808	2,785	2,763	2,740	2,718	2,696	2,673	2,651
1931	2,775	2,749	2,723	2,697	2,670	2,644	2,618	2,591	2,565	2,545	2,526	2,506
1932	2,499	2,462	2,424	2,388	2,362	2,349	2,320	2,291	2,262	2,233	2,204	2,175
1933	2,544	2,505	2,467	2,429	2,409	2,390	2,371	2,352	2,333	2,314	2,294	2,275
1934	2,737	2,696	2,654	2,613	2,593	2,572	2,551	2,531	2,510	2,489	2,469	2,448
1935	2,913	2,871	2,829	2,787	2,759	2,731	2,704	2,676	2,648	2,620	2,592	2,564
1936	3,089	3,045	3,000	2,956	2,926	2,897	2,867	2,838	2,808	2,779	2,749	2,720
1937	2,991	2,959	2,927	2,895	2,862	2,830	2,798	2,766	2,734	2,702	2,670	2,637
1938	3,176	3,144	3,114	3,084	3,054	3,023	2,993	2,963	2,933	2,901	2,868	2,836
1939	3,228	3,195	3,165	3,134	3,103	3,073	3,042	3,012	2,981	2,950	2,919	2,888
1940	3,098	3,064	3,032	3,001	2,977	2,953	2,930	2,906	2,882	2,859	2,835	2,811
1941	3,459	3,424	3,388	3,353	3,327	3,300	3,274	3,247	3,221	3,194	3,168	3,141
1942	3,864	3,817	3,770	3,722	3,689	3,657	3,624	3,591	3,558	3,525	3,492	3,459
1943	3,947	3,910	3,872	3,835	3,797	3,760	3,722	3,685	3,648	3,610	3,573	3,535
1944	4,780	4,732	4,685	4,639	4,491	4,442	4,394	4,346	4,297	4,249	4,201	4,153
1945	5,800	5,694	5,589	5,483	5,431	5,325	5,220	5,167	5,062	4,956	4,851	4,745
1946	7,184	7,005	6,945	6,885	6,825	6,765	6,705	6,646	6,586	6,538	6,490	6,442
1947	8,930	8,826	8,721	8,616	8,541	8,466	8,391	8,316	8,241	8,161	8,121	8,061
1948	8,340	8,243	8,147	8,050	7,970	7,889	7,809	7,728	7,648	7,563	7,519	7,454
1949	7,183	7,085	6,986	6,888	6,822	6,757	6,691	6,626	6,560	6,494	6,429	6,363

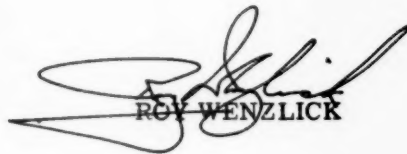
ME DWELLING, 1925-1949, BY AGE OF BUILDING

LICK & CO. - 1949

11	12	13	14	15	16	17	18	19	20	21	22	
\$ 7,398	\$ 7,208	\$ 7,028	\$ 6,876	\$ 6,734	\$ 6,553	\$ 6,449	\$ 6,278	\$ 6,165	\$ 6,022	\$ 5,928	\$ 5,795	1925
6,796	6,610	6,472	6,333	6,194	6,055	5,963	5,824	5,686	5,547	5,455	5,362	1926
6,450	6,317	6,185	6,052	5,919	5,787	5,654	5,566	5,434	5,301	5,213	5,124	1927
6,095	5,929	5,804	5,680	5,556	5,431	5,307	5,224	5,100	4,975	4,892	4,809	1928
6,033	5,969	5,746	5,622	5,499	5,373	5,253	5,171	5,048	4,925	4,843	4,761	1929
5,468	5,347	5,228	5,109	4,989	4,883	4,781	4,677	4,572	4,468	4,394	4,319	1930
5,170	5,077	4,985	4,893	4,801	4,703	4,604	4,538	4,407	4,341	4,209	4,144	1931
4,836	4,710	4,632	4,537	4,459	4,349	4,270	4,176	4,082	4,019	3,956	3,882	1932
4,921	4,793	4,713	4,617	4,538	4,426	4,348	4,250	4,154	4,090	4,026	3,930	1933
5,295	5,158	5,072	4,969	4,883	4,782	4,676	4,573	4,470	4,401	4,333	4,228	1934
5,365	5,281	5,191	5,087	5,017	4,912	4,825	4,758	4,669	4,599	4,477	4,407	1935
5,890	5,579	5,506	5,395	5,321	5,210	5,118	5,044	4,951	4,878	4,748	4,674	1936
5,983	5,854	5,725	5,597	5,468	5,347	5,186	5,066	4,945	4,825	4,704	4,603	1937
5,912	5,806	5,701	5,596	5,490	5,385	5,280	5,174	5,069	4,964	4,859	4,753	1938
6,008	5,901	5,794	5,687	5,580	5,473	5,366	5,259	5,152	5,045	4,938	4,831	1939
5,796	5,670	5,544	5,417	5,291	5,188	5,086	4,983	4,880	4,778	4,691	4,604	1940
6,477	6,338	6,194	6,053	5,912	5,797	5,683	5,568	5,453	5,339	5,241	5,144	1941
7,332	7,172	7,011	6,851	6,691	6,559	6,427	6,295	6,163	6,031	5,916	5,805	1942
7,688	7,520	7,351	7,183	7,015	6,885	6,715	6,566	6,416	6,267	6,136	6,005	1943
9,078	8,933	8,788	8,691	8,546	8,402	8,257	8,112	8,015	7,822	7,777	7,532	1944
10,958	10,440	10,334	10,123	10,018	9,807	9,701	9,543	9,385	9,227	9,069	8,963	1945
13,650	13,411	13,112	12,812	12,573	12,333	12,034	11,735	11,495	11,256	11,076	10,836	1946
15,883	15,583	15,434	15,134	14,909	14,684	14,385	14,085	13,785	13,486	13,336	13,036	1947
15,287	15,037	14,788	14,538	14,289	14,039	13,790	13,540	13,291	13,041	12,816	12,590	1948
14,104	13,776	13,448	13,120	12,792	12,530	12,267	12,005	11,742	11,480	11,250	11,021	1949
25	26	27	28	29	30	31	32	33	34	35	36	
\$ 4,552	\$ 4,495	\$ 4,420	\$ 4,344	\$ 4,268	\$ 4,220	\$ 4,168	\$ 4,097	\$ 4,050	\$ 3,983	\$ 3,936	\$ 3,888	1925
4,253	4,160	4,114	4,068	3,975	3,929	3,883	3,837	3,790	3,744	3,698	3,661	1926
4,064	4,002	3,940	3,879	3,817	3,755	3,711	3,667	3,622	3,578	3,534	3,490	1927
3,814	3,756	3,698	3,640	3,582	3,524	3,483	3,441	3,400	3,358	3,317	3,284	1928
3,776	3,718	3,661	3,603	3,546	3,488	3,447	3,406	3,365	3,324	3,283	3,215	1929
3,426	3,373	3,321	3,269	3,217	3,165	3,128	3,091	3,053	3,016	2,979	2,949	1930
3,223	3,190	3,141	3,091	3,042	2,993	2,960	2,927	2,894	2,861	2,828	2,802	1931
3,077	3,014	2,952	2,889	2,857	2,795	2,751	2,707	2,663	2,619	2,575	2,537	1932
3,132	3,068	3,004	2,940	2,908	2,844	2,799	2,755	2,710	2,665	2,620	2,582	1933
3,370	3,301	3,222	3,163	3,129	3,060	3,012	2,964	2,916	2,868	2,820	2,778	1934
3,484	3,428	3,373	3,317	3,261	3,205	3,163	3,122	3,080	3,038	2,996	2,954	1935
3,695	3,636	3,577	3,518	3,459	3,399	3,355	3,311	3,266	3,222	3,178	3,133	1936
3,538	3,490	3,442	3,393	3,345	3,297	3,249	3,200	3,152	3,104	3,056	3,023	1937
3,685	3,640	3,595	3,550	3,505	3,460	3,415	3,369	3,324	3,279	3,234	3,204	1938
3,746	3,700	3,654	3,608	3,562	3,516	3,470	3,425	3,379	3,333	3,287	3,256	1939
3,633	3,577	3,522	3,467	3,412	3,356	3,317	3,277	3,238	3,198	3,159	3,127	1940
4,059	3,997	3,936	3,874	3,812	3,750	3,706	3,632	3,618	3,574	3,530	3,494	1941
4,524	4,448	4,373	4,297	4,222	4,147	4,109	4,071	4,033	3,996	3,958	3,911	1942
4,677	4,602	4,527	4,452	4,377	4,302	4,246	4,190	4,134	4,078	4,022	3,984	1943
5,891	5,794	5,698	5,601	5,504	5,408	5,311	5,215	5,118	5,022	4,925	4,828	1944
7,171	7,065	6,960	6,862	6,766	6,538	6,432	6,327	6,222	6,116	6,116	5,905	1945
8,502	8,382	8,262	8,142	8,023	7,903	7,783	7,663	7,544	7,424	7,304	7,244	1946
10,469	10,339	10,189	10,039	9,889	9,740	9,620	9,500	9,380	9,260	9,035	8,947	1947
10,063	9,835	9,708	9,531	9,354	9,177	9,048	8,919	8,791	8,662	8,533	8,436	1948
8,692	8,544	8,397	8,249	8,102	7,954	7,839	7,724	7,610	7,495	7,380	7,282	1949
39	40	41	42	43	44	45	46	47	48	49	50	
\$ 3,452	\$ 3,414	\$ 3,395	\$ 3,376	\$ 3,357	\$ 3,338	\$ 3,319	\$ 3,300	\$ 3,281	\$ 3,262	\$ 3,244	\$ 3,225	1925
3,263	3,236	3,217	3,199	3,180	3,162	3,143	3,125	3,106	3,088	3,069	3,051	1926
3,119	3,092	3,075	3,057	3,039	3,022	3,004	2,986	2,969	2,951	2,933	2,916	1927
2,927	2,902	2,886	2,869	2,852	2,836	2,819	2,803	2,786	2,770	2,753	2,736	1928
2,897	2,873	2,856	2,840	2,824	2,807	2,791	2,774	2,758	2,741	2,725	2,709	1929
2,629	2,606	2,592	2,577	2,562	2,547	2,532	2,517	2,502	2,487	2,472	2,458	1930
2,486	2,466	2,447	2,427	2,407	2,387	2,368	2,355	2,341	2,328	2,315	2,302	1931
2,217	2,198	2,185	2,173	2,160	2,148	2,135	2,123	2,110	2,098	2,085	2,072	1932
2,256	2,237	2,224	2,211	2,199	2,186	2,173	2,160	2,147	2,135	2,122	2,109	1933
2,428	2,407	2,393	2,379	2,366	2,352	2,338	2,324	2,311	2,297	2,283	2,269	1934
2,536	2,508	2,495	2,481	2,467	2,453	2,439	2,425	2,411	2,397	2,383	2,369	1935
2,690	2,660	2,646	2,631	2,616	2,601	2,587	2,572	2,557	2,543	2,527	2,513	1936
2,605	2,573	2,541	2,509	2,477	2,444	2,412	2,388	2,364	2,340	2,316	2,292	1937
2,843	2,820	2,798	2,775	2,753	2,730	2,708	2,693	2,677	2,662	2,647	2,632	1938
2,889	2,867	2,844	2,821	2,798	2,775	2,752	2,737	2,721	2,706	2,691	2,675	1939
2,788	2,764	2,748	2,732	2,717	2,701	2,685	2,669	2,653	2,638	2,622	2,606	1940
3,115	3,088	3,071	3,053	3,035	3,018	3,000	2,983	2,965	2,947	2,930	2,912	1941
3,426	3,393	3,374	3,355	3,336	3,317	3,298	3,280	3,261	3,242	3,223	3,204	1942
3,498	3,461	3,442	3,443	3,404	3,386	3,367	3,348	3,329	3,311	3,292	3,274	1943
4,056	4,008	3,989	3,930	3,892	3,853	3,815	3,786	3,757	3,728	3,699	3,670	1944
4,693	4,640	4,587	4,482	4,429	4,376	4,323	4,281	4,239	4,197	4,155	4,113	1945
6,394	6,346	6,298	6,250	6,203	6,155	6,107	6,083	6,059	6,035	6,011	5,987	1946
6,001	5,947	5,892	5,822	5,762	5,702	5,642	5,612	5,582	5,552	5,522	5,492	1947
7,390	7,326	7,277	7,229	7,181	7,132	7,084	7,068	7,052	7,036	7,020	7,004	1948
6,298	6,232	6,199	6,166	6,134	6,101	6,068	6,035	6,002	5,970	5,937	5,904	1949

(cont. from page 421)

Forecasts have been prepared on this same basis for a typical building from 1949 to 1964, and in subsequent bulletins these forecasts will be shown. Of course, it is realized that any forecast for a 15-year period in the future is subject to many possibilities of error and must be revised constantly, as the factors which affect value clarify themselves in the future, and our forecasts will, of course, be revised from time to time. At present, however, this forecast represents the best guess we can make with all of the information at our disposal on how single-family residence values will probably react in the future.



RGV WENZLICK